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Philippines

Oilseeds and Products

Copra PSD Update

2007

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Report Highlights:

Copra production is expected to decline through MY06/07 as a result of successive typhoons in CY2006. Adequate stocks entering MY05/06, however, made possible the increase in copra meal and coconut oil (CNO) exports during the year. Exports of copra meal and CNO in MY06/07, on the other hand, are likely to decline from the previous year's level due to decreased copra supply as well as increased local CNO consumption.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1]
[RP]

PSD Table									
Country	Philippines								
Commodity	Oilseed, Copra					(1000 HA)(1000 TREES)(1000 MT)			
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2004	10/2004		10/2005	10/2005		10/2006	10/2006
Area Planted	0	3150	0	0	3150	3150	0	3150	3125
Area Harvested	0	2900	0	0	2900	2900	0	2900	2850
Trees	283500	283500	283500	0	283500	282500	0	283500	282000
Beginning Stocks	63	60	63	63	70	63	85	70	48
Production	2450	2450	2450	2600	2600	2400	2000	2000	2200
MY Imports	60	60	60	20	0	0	20	60	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	2573	2570	2573	2683	2670	2463	2105	2130	2248
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	2510	2500	2510	2598	2600	2415	2100	2060	2200
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	2510	2500	2510	2598	2600	2415	2100	2060	2200
Ending Stocks	63	70	63	85	70	48	5	70	48
Total Distribution	2573	2570	2573	2683	2670	2463	2105	2130	2248
CY Imports	60	0	60	20	0	0	20	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

The adverse effects of 5 destructive typhoons in the last four months of 2006 will affect Philippine coconut production in the next 2 years. Of the successive natural calamities, only typhoon Milenyo (international code: Xangsane) occurred in MY05/06 or Sep. 28, 2006 (Refer to RO6049), with the rest occurring in the last quarter of 2006. As a result, the United Coconut Associations of the Philippines Inc. (UCAP) estimates coconut production in CY2006 at a respectable 2.46 MMT in copra terms, up from the 2.34 MMT estimated copra output the previous year. For CY2007, however, the UCAP predicts copra output to decline to 2.24 MMT, with most of the drop happening in the second half of 2007.

Guided mainly by UCAP's forecast, copra production in MY05/06 was pared down due to effects of typhoon Milenyo. A corresponding reduction in the number of trees during the year was also made as a result. Area planted and harvested, however, was still retained as planting density of most coconut plantations vary as a result of spacing and specie. For MY06/07, although predicted to decline, copra production was raised, as the earlier estimate by Post was extremely low and premised on widespread infestation of the coconut hispine beetle, *Brontispa longissima* Gentro. The expected spread, however, has been relatively contained. Hence, copra production during the year was adjusted upwards to approximate the CY2007 forecast of the UCAP. A similar reduction of number of trees was also made

during the year to account for damages brought about by the other typhoons as well as mudflows from Mayon volcano in Albay province.

Because of adjustments made to copra production for both MY05/06 and MY06/07, similar adjustments were made to copra crush consumption resulting in reduced copra ending stock inventories for both years. Negligible copra trade is expected in the new two years.

PSD Table									
Country	Philippines								
Commodity	Meal, Copra								
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2004	10/2004		10/2005	10/2005		10/2006	10/2006
Crush	2510	2500	2510	2598	2600	2415	2100	2060	2200
Extr. Rate, 999.9999	0.326693	0.32	0.326693	0.323711	0.323077	0.322981	0.32619	0.320388	0.322727
Beginning Stocks	80	80	80	151	98	151	175	108	71
Production	820	800	820	841	840	780	685	660	710
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	900	880	900	992	938	931	860	768	781
MY Exports	372	372	372	450	400	470	400	350	370
MY Exp. to EU	190	12	190	180	0	2	180	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	377	410	377	367	430	390	360	335	350
Total Dom. Cons.	377	410	377	367	430	390	360	335	350
Ending Stocks	151	98	151	175	108	71	100	83	61
Total Distribution	900	880	900	992	938	931	860	768	781
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	170.2155	185.115	170.2155	165.7005	194.145	176.085	162.54	151.2525	158.025

Copra meal production in MY05/06 was revised downwards as a result of the revisions made to copra crush during the year for a decline from the previous year's output. Despite the reduction, overall supply was still greater than the MY04/05 level making possible increased exports during the period, mainly to South Korea and Japan. Adequate copra supply in MY05/06 likewise enabled increased domestic consumption of copra meal, which was raised during the year, enhanced by the estimated 2.6 percent expansion of the domestic livestock

industry in CY2006. More exports and higher domestic demand for copra meal in MY05/06, however, translated to lower ending stocks compared to the previous year's inventory, requiring downward revisions to Post's original estimate.

For MY06/07, copra meal output was raised slightly but still expected to decline from the year-ago level. As a result, copra meal exports and local consumption during the year were both increased, although are still expected to decline from the MY05/06 level. Korea and Japan are likely to continue to be the main destinations of copra meal exports in MY06/07. A decline in copra meal ending stocks is expected in the next two years as a result.

PSD Table									
Country	Philippines								
Commodity	Oil, Coconut								
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2004	10/2004		10/2005	10/2005		10/2006	10/2006
Crush	2510	2500	2510	2598	2600	2415	2130	2060	2200
Extr. Rate, 999.9999	0.62988	0.612	0.62988	0.629715	0.626923	0.625259	0.629577	0.621359	0.622727
Beginning Stocks	40	40	40	174	104	174	140	104	43
Production	1581	1530	1581	1636	1630	1510	1341	1280	1370
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1621	1570	1621	1810	1734	1684	1481	1384	1413
MY Exports	996	996	996	1200	1160	1200	1000	810	750
MY Exp. to EU	300	300	300	300	350	500	0	250	310
Industrial Dom. Cons.	215	200	215	270	250	250	320	270	380
Food Use Dom. Cons.	220	250	220	182	200	175	120	180	175
Feed Waste Dom. Cons.	16	20	16	18	20	16	10	20	18
Total Dom. Cons.	451	470	451	470	470	441	450	470	573
Ending Stocks	174	104	174	140	104	43	31	104	90
Total Distribution	1621	1570	1621	1810	1734	1684	1481	1384	1413
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Copra crush is a primarily a function of copra supply and coconut oil (CNO) production, like copra meal, has traditionally reflected copra output. Appropriate adjustments were made to CNO production based on the revised copra crush estimates and as a result, CNO output is expected to decline through MY07/08.

CNO exports in MY05/06 were increased, mainly due to high stock levels entering the year, and the adjusted overall CNO figure in the Table is based on UCAP data. A shifts in domestic CNO consumption in MY05/06 is manifest in the diversion of more CNO to industrial use (mainly oleochemical production) away from edible oil demand. As a result, industrial CNO consumption in MY05/06 was raised for an increase from the previous year's level while food use demand pared down for a during the same period. The use of locally produced and cheaper palm oil likely compensated for the diverted CNO traditionally used as food.

Industrial CNO consumption was raised and expected to surge the following year, buoyed by the recent approval of the Biofuels Law (refer to RP 7004). Edible oil consumption is forecasted to remain flat in MY06/07 from the previous year's level while CNO feed use is expected to register a modest increase due to strong animal feed demand. CNO exports during the year were revised downwards for a decline from the previous year's level as the share of domestic CNO consumption is expected to dramatically increase as a result of the passage of the local Biofuels Law, as well as the increase in global biofuels demand.